



# OFFICE OF INSPECTOR GENERAL

## UNITED STATES POSTAL SERVICE

## HIGHLIGHTS

June 11, 2014

### **Advertising and Consulting Supplier Selection Process**

Report Number SM-AR-14-006

#### **BACKGROUND:**

In a January 2013 report, the U.S. Postal Service Office of Inspector General (OIG) found that the U.S. Postal Service did not adequately monitor its two largest advertising contracts. As a result, the Postal Service planned to restructure the contracts to take advantage of competition in the advertising marketplace. In fiscal years 2012 and 2013, the Postal Service awarded about \$252 million for advertising and related consulting services.

Supplier selection involves a team evaluating suppliers' proposals. Team members individually evaluate proposals and then meet to reach a consensus. The team must document the rationale for its consensus decisions. Competing suppliers who disagree with the supplier selection can challenge the contract award.

We conducted this audit to follow up on the OIG's prior report on the Postal Service's advertising program. Our audit objectives were to determine whether the Postal Service increased competition for advertising contracts and to assess the supplier selection process.

#### **WHAT THE OIG FOUND:**

The Postal Service increased competition for advertising contracts by closing its two largest advertising contracts and competitively awarding contracts to four suppliers. Evaluation teams generally complied with the

established guidelines for the supplier selection process by documenting narratives to support their consensus decisions, except for two consulting contract purchases. Specifically, the two evaluations did not include narratives to explain the basis of the competing supplier ratings.

If supplier evaluations are not fully documented and maintained, the Postal Service cannot ensure the transparency and integrity of the supplier selection process and its contract awards may be vulnerable to challenges. As a result, we identified two contract purchases valued at \$3.5 million for which evaluations did not contain narratives to support the consensus decisions. This does not necessarily indicate that the Postal Service incurred losses.

#### **WHAT THE OIG RECOMMENDED:**

We are not making any recommendations because management took corrective actions to address the need for consensus documentation by releasing an official memorandum and training contracting officials on the technical evaluation policy requirement.